

Message Text

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43

ACTION SS-30

INFO OCT-01 ISO-00 /031 W

----- 062462

R 101041Z JAN 74

FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC 2795

INFO AMEMBASSY JIDDA

AMEMBASSY KABUL

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY NEW DELHI

AMEMBASSY TEHRAN

CINCPAC

S E C R E T SECTION 1 OF 2 ISLAMABAD 0305

EXDIS

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: PFOR, PINT, MASS, EAID, PK, US, UR, XF,AF,IN

SUBJ: CONVERSATION WITH BHUTTO ON POLITICAL AND ECONOMIC
ISSUES

REF: ISLAMABAD 0306

1. IN OUR RECENT VISIT WITH THE BHUTTOS AT LARKANA
(REFTEL) HE AND I HAD AMPLE OPPORTUNITY FOR A LEISURELY
DISCUSSION. THERE FOLLOWS DESCRIPTION OF MAIN ITEMS WHICH
I BELIEVE WOULD INTEREST DEPARTMENT AND OTHERS.

A. I DE-EMPHASIZED THE SOVIET TANK DELIVERY
SITUATION IN AFGHANISTAN ALONG LINES OF STATE 1766 LETTING
HIM READ CONTENTS OF PARAS 2 AND 5 WHICH HAD BEEN RE-
TYPED FOR HIM. HE SEEMED RELIEVED. I TOLD HIM WE
WOULD CONTINUE TO WATCH CLOSELY FOR ANY POSSIBLE
MAJOR DEVELOPMENTS ON THIS SCORE.

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B. HE WAS VISIBLY DISTRESSED OVER WHAT THE ENERGY
CRISIS WAS DOING TO THE WORLD AND HOW IT WOULD AFFECT
PAKISTAN. HE SAID "WE WERE DOING SO WELL UNTIL THE
FLOODS - AND NOW THIS." HE EXPRESSED HURT AND ANNOYANCE

OVER THE EXTENT OF THE RISE IN OIL PRICES. HE SAID HE SUPPOSED THAT "NOW THAT THEY HAVE TASTED BLOOD THERE WAS NO CHANCE OF ANY DECREASE IN THE FUTURE." I SAID I WASN'T CERTAIN THIS WAS CORRECT, AS SOME OF THE OIL NATIONS SEEM RATHER SADLY AWARE OF THE CHAOS THEY ARE CREATING, EVEN FOR THEIR FRIENDS. I SAID I THOUGHT THAT FAYSAL, FOR INSTANCE, WAS GETTING MORE OF THE BLAME THAN HE SHOULD. I TOLD HIM OF MY CONCERN RE FERTILIZER FOR PAKISTAN AND HE SHOWED THAT HE WAS WELL AWARE OF PROBLEM.

C. I GAVE HIM AN UP-TO-DATE CHART OF WHAT OUR AID PROGRAM WOULD BE FOR PAKISTAN PROVIDED AUTHORIZING LEGISLATION LEAVES US WITH THE CURRENT APPROPRIATION FIGURE FOR FLOOD AND DISASTER RELIEF, EXPLAINING WHERE THINGS STAND AS OF NOW. HE SHOWED CONCERN OVER WHAT MIGHT BE PURPOSE OF DRASTIC REDUCTION OF REGULAR PROGRAM, AND I TRIED TO CONVINCE HIM THAT THIS REPRESENTED NO LESSENING OF INTEREST IN PAKISTAN, BUT RATHER, THE REAL PROBLEMS WE FACE IN OBTAINING FOREIGN AID APPROPRIATIONS.

D. HE REFERRED TO OUR PREVIOUS TALK ON MILITARY EQUIPMENT, SAYING MAYBE WE SHOULD HAVE ANOTHER TALK WHICH WOULD INCLUDE THE SECRETARY OF DEFENSE AND CHIEF OF STAFF. I TOLD HIM I WAS ATTEMPTING A STUDY IN DEPTH OF THE PROBLEM AND DOUBTED IF I NEED TAKE HIS TIME AGAIN ON IT SO SOON IN ANY EVENT I WOULD BE CALLING ON GENERAL TIKKA KHAN SOON. HE SAID "I THINK YOU MAY ALREADY UNDERSTAND OUR PROBLEM, INCLUDING MY OWN. I KNOW IT WOULD BE UTTER FOLLY FOR PAKISTAN TO GO TO WAR AGAIN WITH INDIA, EVEN IF WE HAD MORE EQUIPMENT, BUT MY MILITARY ARE GETTING TOO DEPRESSED AND UNHAPPY OVER THE OBSOLETE NATURE OF THEIR EQUIPMENT. THIS IS A FACTOR I MUST KEEP IN MIND." I SAID I UNDERSTOOD. I SAID I WAS TRYING TO STUDY ALL ASPECTS OF THE PROBLEM AND WOULD CONTINUE TO DO SO, AND OF COURSE IN LIAISON WITH MY GOVERNMENT. IN THE PROCESS, HOWEVER, I THOUGHT
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IT IMPORTANT TO BOTH OF US THAT I NOT RAISE ANY FALSE HIPES. HE SAID HE ALSO UNDERSTOOD.

E. AS IN OUR FIRST TALK, BHUTTO ASKED IF WE HAD ANYTHING FURTHER ON MILITARY MATTERS COMING OUT OF THE BREZHNEV VISIT TO INDIA. I SAID WE HAD NOTHING NEW, AND AS TIME GOES BY I WAS MORE INCLINED TO BELIEVE THAT VERY LITTLE HAPPENED. I THOUGHT THIS WAS CERTAINLY GENERALLY ACCEPTED NOW AS REGARDS THE ASIAN SECURITY PACT IDEA. AS REGARDS MILITARY EQUIPMENT, I SAID I DOUBTED THAT SWARAN SINGH WOULD BE AS EMPHATIC IN HIS DENIALS AS HE SEEMED TO BE IF IN FACT SOMETHING NEW WERE ABOUT TO BECOME KNOWN. HE SMILED A BIT IRONICALLY AND

SAID THAT SUCH A LATER EXPOSURE WOULD NOT WORRY SWARAN SINGH ONE IOTA. WE LEFT IT AT THAT.

F. HE ASKED WHETHER I KNEW WHAT WAS HAPPENING ON THE SUBJECT OF A PORT IN BALUCHISTAN AFTER HIS TALKS IN WASHINGTON. (HE JOKINGLY SAID HE HAD LITERALLY LEFT THIS PROBLEM IN OUR WHITE HOUSE, AS HE HAD BECOME SO ENGROSSED IN TALKING TO NIXON THAT HE FORGOT AND LEFT HIS PAPERS ON THIS SUBJECT THERE.) I SAID I DID NOT KNOW, THAT BEFORE I LEFT WASHINGTON I HAD PLANNED TO SEE SECRETARY SCHLESINGER, WHOM I KNEW HE HAD ALSO TALKED TO ON THIS, BUT DID NOT. I ASKED HIS REAL MOTIVE FOR WANTING A PORT THERE. HE SAID (1) PAKISTAN NEEDED A SUPPLEMENTAL PORT DUE TO CHRONIC CONGESTION OF KARACHI, (2) NEW PORT WOULD BE TIED INTO RAIL SYSTEM TO THE NORTH, (3) IT WOULD BRING DEVELOPMENT TO BADLY UNDERDEVELOPED AREA AND (4) SPEED UP EXPLORATION OF MINERAL AND POSSIBLY OIL RESOURCES THERE. WE TALKED OF ITS PRACTICABILITY AND HE SAID HE HAD ONLY ACCEPTED REPORTS OF OTHERS THAT SUITABLE LOCATION COULD BE FOUND. I SAID SUCH REPORTS AS I HAD INDICATED ABSENCE OF NATURAL HARBOR, NECESSITATING VERY LARGE EXPENDITURES. I SAID I WOULD TRY TO FIND OUT MORE ABOUT IT BUT DESPAIRED OF GETTING FUNDS FOR THIS TYPE OF LARGE DEVELOPMENT PROJECT AS OUR AID POLICY WAS TRENDING OTHERWISE. HE SAID WE COULD MAKE EITHER PUBLIC OR PRIVATE AGREEMENT AS TO OUR MILITARY USAGE. I ASKED
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HIM IF HE SAW A PORT AS HAVING ANY BEARING UPON SOLUTION OF PERENNIAL POLITICAL PROBLEMS OF BALUCHISTAN. HE SAID NOT REALLY, BUT GENERAL DEVELOPMENT THAT WOULD FOLLOW SHOULD HELP.

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ACTION SS-30

INFO OCT-01 ISO-00 /031 W
----- 070403

R 101041Z JAN 74
FM AMEMBASSY ISLAMABAD
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AMEMBASSY NEW DELHI
AMEMBASSY TEHRAN
CINCPAC

S E C R E T SECTION 2 OF 2 ISLAMABAD 0305

EXDIS

C O R R E C T E D C O P Y - T E X T

CINCPAC FOR POLAD

G. HE SAID SOVIET AMBASSADOR, AFTER SEEING HIS OFFICIALS MORE THAN ONCE ON THE MATTER, HAD COME TO HIM IN KARACHI WITH THEIR OFFER TO DO A COMPLETE SURVEY OF BALUCHISTAN FOR MINERALS AND OIL. HE SAID HE HAD NOT AGREED. I SAID THAT IN SPITE OF DETENTE I WOULD RATHER NOT SEE THEM DOWN THERE SO CLOSE TO PERSIAN GULF. HE SMILED AND SAID HE AGREED.

H. I SAID THERE WAS ONE SUBJECT ON WHICH WE COULD PROBABLY NEVER AGREE, AND OF COURSE WE DID NOT HAVE TO AS IT WAS HIS COUNTRY, AND THAT WAS THE NEED FOR A BETTER BUSINESS CLIMATE AND THE VALUE OF FOREIGN INVESTMENT IN DEVELOPMENT. IN THE GENERAL DISCUSSION THAT FOLLOWED HE ATTEMPTED TO ASSURE ME THAT MAYBE WE WERE NOT SO FAR APART AS I THOUGHT. HE ONCE SAID THAT HE WAS NEARING THE END OF A POLITICAL COMMITMENT HE HAD MADE IN HIS CAMPAIGN AND PERHAPS
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COULD NOW HAVE MORE FREEDOM IN THE FUTURE. I REMAIN UNCONVINCED, BUT OF COURSE THERE WAS NO TIME TO REALLY DEVELOP SUCH A SUBJECT. (HIS FINANCE MINISTER, WHO SAW BHUTTO JUST AFTER I DID, SAID LATER ON HE WANTED TO PURSUE THIS SUBJECT MUCH FURTHER WITH ME.) I FEAR BHUTTO IS NINETY PERCENT POLITICIAN AND THAT THIS IS HIS REAL LIFE AND INTEREST, AND THAT HE JUST DOES NOT DEVOTE A GREAT ENOUGH PORTION OF HIS TIME TO SOCIAL-ECONOMIC PLANNING AND DEVELOPMENT PER SE. ALSO, I DON'T THINK HE HAS THE RIGHT TYPE OF SENIOR ADVISERS IN THESE FIELDS.

I. IN THE CONTEXT OF OUR DISCUSSIONS ON MILITARY AID AND ECONOMIC DEVELOPMENT, AT ONE TIME I SAID THAT ALL WAS NO LONGER DEPENDENT UPON POLICY ALONE, BUT AS WELL UPON THE FINANCIAL POSITION OF PAKISTAN IN CONJUNCTION WITH OUR OWN DIFFICULTIES IN SECURING GRANT AID. I SAID I SOMETIMES WONDERED WHETHER HE WAS TRYING TO GET SUBSTANTIAL AID FROM HIS OIL-RICH FRIENDS. HE SAID HE WAS, ALTHOUGH NOT FOR MILITARY PURPOSES, BUT HE DIDN'T KNOW WHETHER HE COULD SUCCEED.

I SAID IF HE COULD, PERHAPS THE BEST THING WOULD BE TO TRY TO SECURE A LONG TERM FERTILIZER ARRANGEMENT FOR HIS COUNTRY. HE THOUGHT THIS MADE SENSE. (THE NEXT DAY AT LUNCH HE TOLD HIS AGRICULTURAL ADVISER THAT I HAD SAID TO HIM THE SAME THING HE HAD ALREADY SAID TO HIS CABINET, I.E., GET ON WITH LONG RANGE FERTILIZER PLANS. IN AN ASIDE, I ASKED BHUTTO WHAT HE THOUGHT HIS BEST SOURCE MIGHT BE AND HE SAID MAYBE SAUDI ARABIA.)

J. WE TALKED GENERALLY ON DEBT RESCHEDULING AND THE EXCESS RUPEE PROBLEM. ON THE FORMER I SAID OUR PRESIDENT WAS SERIOUS WHEN HE SAID WE WOULD BE LENIENT AND SYMPATHETIC ON THE PROBLEM, AND NECESSARY PREPARATIONS SEEMED WELL UNDERWAY WITH THE WORLD BANK. ON THE LATTER, I SAID I HAD A PERSONAL HOPE THAT A SENSIBLE STRATEGY COULD BE WORKED OUT SO THAT PROBLEM COULD ESSENTIALLY DISAPPEAR OVER A PERIOD OF A FEW YEARS. HE OBVIOUSLY WANTED TO EXPLORE MATTER FURTHER BUT TOLD HIM I WAS NOT AS YET PREPARED TO DO SO.

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K. I SAID I FEARED HE AND I WOULD HAVE TO PERSONALLY TAKE UP THE DRUG PROBLEM IN ALL ITS ASPECTS IN THE NEAR FUTURE. I REVIEWED GENERALLY THE DIFFICULTIES OVER NEGOTIATIONS WE ARE RUNNING INTO IN THIS PROBLEM, AND STRESSED THE IMPORTANCE OUR WHITE HOUSE PLACED ON THIS MATTER. ALSO THE IMPORTANCE OF PAKISTAN HAVING A GOOD IMAGE IN THIS REGARD ON CAPITAL HILL. I SAID I THOUGHT WE COULD LET OUR STAFF TRY A BIT MORE BEFORE HE AND I GOT INTO IT IN DETAIL. HE SAID HE WOULD REVIEW THE MATTER WITH HIS PEOPLE AS SOON AS HE REURNEE NORTH OR PERHAPS HAVE THEM DOWN TO LARKANA.

2. AS MUST BE APPARENT FROM BY REPORTING, BHUTTO IS AN EASY PERSON TO TALK TO. HE IS COURTEOUS AND SOMETIMES EVEN SURPRISINGLY DEFERENTIAL. HE ASKED TWICE FOR THE ESTIMATES OF MY STAFF ON CERTAIN LOCAL MATTERS, SAYING OUR ESTIMATES WERE OFTEN BETTER THAN THOSE OF HIS OWN PEOPLE. IN RESPONSE TO ONE SUCH QUERY I SAID WE THOUGHT HE WOULD HAVE TEN MILLION PERSONS WITH MALARIA IN MARCH OF THIS-YEAR THAT A GOOD PROGRAM HAD BEEN LET FLOUNDER UNDER PREVIOUS GOVERNMENTS, AND DOUBTED THAT HIS OWN PEOPLE AS YET FULLY REALIZED THE MAGNITUDE OF THE PROBLEM. HE SADLY AGREED THAT HE THOUGHT THIS PROBABLY RIGHT, AND SAID HE WOULD TAKE MORE PERSONAL INTEREST.

3. BUT BASICALLY, I SENSE THAT BHUTTO, LIKE SO MANY HEADS OF GOVERNMENTS THESE DAYS, IS FRUSTRATED AND CONCERNED, AND GREATLY DISCOURAGED AT RECENT CHANGES IN THE WORLD SUCH AS THE ENERGY SITUATION AND DRASTIC RISE IN PRICES,

ABOUT WHICH THEY HAD NO WARNING AND CAN AS YET NOT QUITE
COMPREHEND. I AM SURE, FOR INSTANCE, THAT HE CANNOT
AT THIS JUNCTURE EVEN BEGIN TO SORT OUT THE PROBLEM
OF HOW TO HANDLE INCREASING INFLATION, WHICH CAN ERODE
HIS ENTIRE BASE OF POLITICAL POWER. HE IS SEARCHING
FOR WAYS IN WHICH TO MEET THE CRISIS, AS HE SEES IT,
ALONG I SUPPOSE WITH LOTS OF OTHER LEADERS.
BYROADE

SECRET

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